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CLASSIFICATION

TO : Chief, E2

DATE: 11/19/55

FROM : Chief of Base, Pullach

INFO: COM

SUBJECT: GENERAL— Operational

SPECIFIC— Status Report - ZIPPER Positive Operations

1. Prior to the visit of the Lane Committee to POB we informed ZIPPER of a forthcoming visit by "our budget authorities who wished to make a careful inspection of our finances, both past and future". They were further informed that an accompanying study of ZIPPER's operational assets would be required to justify our expenditures. The results were a rather detailed run-down prepared by ZIPPER and POB of their assets as of January 1955. We feel that it is appropriate, therefore, to provide you with this overall survey of the ZIPPER positive effort at this time. It may well be the last opportunity we have to obtain such an overall account. We have chosen to break down the positive assets into three main categories, Soviet Zone of Germany, Satellites, and USSR. In each category we have included case officer comments.

2. Attachment "A" covers ZIPPER's positive effort in the Soviet Zone of Germany. Attachment "A" is broken down into two parts:

Part I - Present Coverage and Capabilities
Part II - Agent Losses and Gains during 1954

Distributions:

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3. Attachment "B" covers ZIPPER's positive efforts against Poland, Czechoslovakia, and Hungary, the Balkans, and the Soviet Zone of Austria. These assets are listed as reported by ZIPPER with FOB case officer comments:

a. This attachment consists of the following:

- Part I - Poland
- Part II - Czechoslovakia
- Part III - Hungary, the Balkans, and OB in the Soviet Zone of Austria.

b. In working up the material for the satellite assets with ZIPPER, FOB organized the material, by Dienststellen, as follows:

(1) Present Assets

Inside the target country
Legal travellers
Mail contacts (Briefaufklaerung)
Sources of opportunity
Sources in the West
Sources in the Soviet Zone of Germany and Austria

(2) Capabilities

(3) Losses during 1954

4. Attachment "C" covers ZIPPER's positive assets vis-a-vis the USSR in 1954 and early 1955, including REDSKIN and REDCAP. These assets are also listed as reported by ZIPPER with FOB case officer comments. This material is presented by Dienststellen, and is organized according to assets, capabilities, and losses.

Comment on ZIPPER Positive Operations:

In any attempt at commentary on ZIPPER positive operations, a distinction must be made between their effort in the Soviet Zone of Germany and that against the Satellites and the USSR. This distinction is based on the extent of insight which FOB has had into each of these efforts. Historically, the ZIPPER effort in the DDR has been a package deal whereby: (1) KUBARK provided the funds; (2) FOB provided the guidance and sought to obtain the coverage desired; and (3) ZIPPER provided the reports. This modus operandi plus the size of the ZIPPER organization operating in the DDR has allowed little FOB insight into the detailed workings of this effort. Historically, we have pressed for true identities only where conflicts of interest have arisen. On the other hand, FOB (through the satellite SOP (EGIA-11901, as amended in 1954), closer liaison, and other information flowing into FOB from ZIPPER) has been able to acquire a surprisingly large insight into the Satellite/USSR effort.

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In its overall intelligence coverage of the Soviet Zone ZIPPER has been, and will remain, unchallenged. ZIPPER fully realizes that this is their bread and butter. Although ZIPPER has suffered losses in the DDR, these losses were not as extensive as one would believe from the press sources, etc., and despite them ZIPPER has been able to remain abreast of the events in the Soviet Zone. PCB itself observed no drop-off in reports production, which is the primary means by which we can evaluate this effort. We also have had no indications from POP customers indicating reduced coverage in any field.

For the immediate future ZIPPER will be fortunate to maintain its status quo vis-a-vis agent strength (circa 420) in the DDR. Normal agent attrition plus the psychological atmosphere in the DDR (East Zone anti-intelligence propaganda, alleged roll-ups, etc.) presents a situation in which no increase in agent strength will be possible in the immediate future, i.e., new recruitments will just keep pace with normal attrition and losses. ZIPPER will attempt to remedy this by raising the level of their agents and selecting those with longer stayability. A relaxation of the DDR propaganda effort and an improvement in the psychological milieu will, of course, result in an increase of recruitments.

Within the satellite/USSR effort ZIPPER is weak. Eliminate the COMTRA case, and the North German maritime operations, and there is nothing of great operational consequence remaining. ZIPPER, as well as other intelligence organizations, has learned the hard way about illegal operations. There is little hope that the two Black operations planned for 1955 will materialize. Emphasis is now on ZOMBIE/ZODIAC, although with the exception of the maritime assets there is a surprising lack of progress and firm assets in that field as of the present. This is primarily attributed to ZIPPER's illegal status, and it will be folly not to assume that ZIPPER will play a dominant role in all future ZOMBIE/ZODIAC activities in Germany. It should be pointed out, however, that they will suffer under certain political disadvantages in the ZODIAC field.

The field in which ZIPPER has displayed a disappointing lack of success is that of exploitation of legal travellers in the DDR. This is primarily attributed to the jurisdictional struggle between their Sovzone operations and satellite/USSR operations staffs. In an effort to maintain their present coverage of the DDR, the Sovzone operations staff is usually hesitant to jeopardize or expose one of their sources for the procurement of information of interest to the satellite staff. Since the Sovzone effort is their bread and butter, this position can be understood, particularly at this time when the Sovzone show is barely keeping its agent head count above water.

field can be attributed to the lack of transparency of its operational personnel. This is based on PCB's insight into their operations over a four year period.

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